

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSION

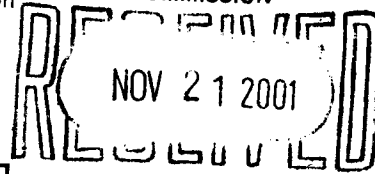
WILLIAM A. MUNDELL
CHAIRMAN

JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER

DOCKETED

NOV 20 2001



DOCKETED BY

CP

Director of Utilities

DOCKET NO. T-00000A-97-0238

IN THE MATTER OF U. S. WEST
COMMUNICATIONS, INC.'S COMPLIANCE
WITH SECTION 271 OF THE
TELECOMMUNICATIONS ACT OF 1996.

DECISION NO. 64214

ORDER

Special Open Meeting
November 16, 2001
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. The Federal Telecommunications Act of 1996 ("1996 Act") added Section 271 to the Communications Act of 1934. The purpose of Section 271 is to specify the conditions that must be met in order for the Federal Communications Commission ("FCC") to allow a Bell Operating Company ("BOC"), such as Qwest Corporation ("Qwest" or the "Company"), formerly known as US WEST Communications, Inc. ("US WEST")¹ to provide in-region interLATA services. The conditions described in Section 271 are intended to determine the extent to which local phone service is open to competition.

2. Section 271 (c)(2)(B) sets forth a fourteen point competitive checklist which specifies the access and interconnection a BOC must provide to other telecommunications carriers in order to satisfy the requirements of Section 271. Section 271 (d)(2)(B) requires the FCC to consult with state commissions with respect to the BOC's compliance with the competitive checklist. Also, Subsection (a)(2)(A) requires the FCC to consult with the United States Department of Justice.

3. Section 271(c)(2)(B)(vi) requires a BOC desiring to make an application pursuant to

¹ For purposes of this Order, all references to US WEST have been changed to Qwest.

1 section 271 to provide or offer to provide “[l]ocal switching unbundled from transport, local loop
2 transmission, or other services.”

3 4. Section 271(c)(2)(B)(ii) requires a Section 271 applicant to provide
4 “[n]ondiscriminatory access to network elements in accordance with the requirements of sections
5 251(c)(3) and 252(d)(1).”

6 5. Section 251(c)(3) establishes an incumbent LEC’s (“ILEC”) duty to provide, to any
7 requesting telecommunications carrier for the provision of a telecommunications service,
8 nondiscriminatory access to network elements on an unbundled basis at any technically feasible point
9 on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the
10 terms and conditions of the agreement and the requirements of [section 251] . . . and 252.”

11 6. In the *Second BellSouth Louisiana Order*², the FCC required Bell South to provide
12 unbundled local switching that included line-side and trunk-side facilities, plus the features, functions
13 and capabilities of the switch. The FCC found that the ability of a BOC to provide billing
14 information necessary for a competitive LEC to bill for exchange access and termination of local
15 traffic is an aspect of unbundled local switching and there is an overlap between the provision of
16 unbundled local switching and the provision of the OSS billing function.

17 7. In Decision No. 60218 (May 27, 1997) the Commission established a process by
18 which Qwest would submit information to the Commission for review and a recommendation to the
19 FCC whether Qwest meets the requirements of Section 271 of the 1996 Act.

20 8. On February 8, 1999, Qwest filed a Notice of Intent to File with the FCC and
21 Application for Verification of Section 271(c) Compliance (“Application”), and a Motion for
22 Immediate Implementation of Procedural Order. On February 16, 1999, AT&T Communications of
23 the Mountain States, Inc. (“AT&T”), GST Telecom, Inc. (“GST”), Sprint Communications
24 Company, L.P. (“Sprint”), Electric Lightwave, Inc. (“ELI”), MCI WorldCom, Inc., on behalf of its
25 regulated subsidiaries (“MCIW”), and e-spire Communications, Inc. (“e-spire”) filed a Motion to
26

27 ² *Application of BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for*
28 *Provisions of In-Region, Inter-LATA Services in Louisiana*, CC Docket No. 98-121, Memorandum Opinion and Order, 13
FCC Red, 20599 (1998)(“*Second BellSouth Louisiana Order*”).

1 Reject Qwest's Application and Respons. Qwest's Motion.

2 9. On March 2, 1999, Qwest's Application was determined to be insufficient and not in
3 compliance with Decision No. 60218. The Application was held in abeyance pending
4 supplementation with the Company's Direct Testimony, which was ordered pursuant to Decision No.
5 60218 and the June 16, 1998 Procedural Order. On March 25, 1999, Qwest filed its supplementation.

6 10. By Procedural Order dated October 1, 1999, the Commission bifurcated Operational
7 Support System ("OSS") related Checklist Elements from non-OSS related elements.

8 11. In its December 8, 1999 Procedural Order, the Commission instituted a collaborative
9 workshop process to evaluate the non-OSS Checklist Items. The December 8, 1999 Procedural Order
10 directs Commission Staff to file draft proposed findings of fact and conclusions of law for review by
11 the parties within 20 days of each Checklist Item being addressed. Within ten days after Staff files its
12 draft findings, the parties are to file any proposed additional or revised findings and conclusions.
13 Staff has an additional ten days to issue its Final Recommended Report.

14 12. For "undisputed" Checklist Items, Staff submits its Report directly to the Commission
15 for consideration at an Open Meeting. For "disputed" Checklist Items, Staff submits its Report to the
16 Hearing Division, with a procedural recommendation for resolving the dispute.

17 13. On October 10, 2000, the first Workshop on Checklist Item No. 6 (Unbundled Local
18 Switching) took place at Qwest's offices in Phoenix. Parties appearing at the Workshop included
19 Qwest, AT&T, Sprint, ELI, MCIW, e.spire, Eschelon Telecom, Inc. ("Eschelon") and Allegiance
20 Telecom. Qwest relied on its supplemental testimony filed in July 2000, and its supplemental
21 affidavit filed on September 21, 2000. AT&T, MCIW, espire, Eschelon and Z-Tel filed Additional
22 Comments on September 22, 2000. Qwest filed Rebuttal Comments on September 29, 2000, and a
23 supplemental rebuttal affidavit on October 31, 2000.

24 14. On April 9, 2001, another Workshop convened to resolve outstanding issues regarding
25 Checklist Item No. 6.

26 15. The parties were able to resolve many issues at the two workshops, but were unable to
27 come to agreement on four issues concerning Checklist Item 6. On May 18, 2001, AT&T, MCIW,
28 Covad and Qwest filed Statements of Position on the impasse issues.

16. Pursuant to the June 12, 2000, Procedural Order, on August 27, 2001, Staff filed its Proposed Findings of Fact and Conclusions of Law for Checklist Item No. 6 Unbundled Local Switching ("Proposed Report").

17. Qwest filed Comments on Staff's Proposed Report on September 6, 2001.

18. On October 1, 2001, Staff filed its Final Report on Qwest's Compliance with Checklist Item No. 6 – Unbundled Local Switching ("Final Report"). A copy of Staff's Final Report is attached hereto as Exhibit A and incorporated herein by reference.

19. We find that the existing record is sufficiently developed to resolve the disputed issues relating to Checklist Item No. 6 without a hearing.

20. The first impasse issue is whether Qwest must provide unbundled access to Advanced Intelligence Network ("AIN") features and products.³

21. The Advanced Intelligence Network uses distributed intelligence in centralized databases to control call processing and manage network information, eliminating the need for those functions to be performed at every switch. The AIN platform and architecture consists of an off-line computer known as the Service Creation Environment ("SCE"), Service Management System ("SMS") and AIN software.

22. In paragraphs 418 and 419 of the *UNE Remand Order*⁴ the FCC found:

That AIN service software qualifies as a proprietary network element, and therefore, should be analyzed under the "necessary" standard. Our interpretation of the "necessary" standard requires the Commission to determine whether, after taking into consideration alternatives outside the incumbent's network, lack of access to that element would, as a practical, economic, and operational matter, preclude the requesting carrier from providing the services it seeks to offer.

We agree with Ameritech that unbundling AIN service software such as "Privacy Manager" is not "necessary" within the meaning of the standard in section 251(d)(2)(A). In particular, a requesting carrier does not need to use an incumbent LEC's AIN service software to design, test, and implement a similar service of its own. Because we are unbundling the incumbent LEC's AIN databases, SCE, SMS, and STPs, requesting carriers that provision their own switches or purchase unbundled

³ The terms products and features are used interchangeably and refer to what the FCC calls "AIN service software."

⁴ *In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, FCC-99-238 ("UNE Remand Order")*.

switching from the incumbent will be able to use these databases to create their own AIN software solutions to provide services similar to Ameritech's "Privacy Manager." They therefore would not be precluded from providing service without access to it. Thus, we agree with Ameritech and BellSouth that AIN service software should not be unbundled.⁵

23. Qwest does not provide access to its own AIN products with UNE-Switching because in the *UNE Remand Order*, the FCC determined that an ILEC's AIN products do not have to be unbundled when the ILECs make the AIN platform or database, SCE, SMS, and Signal Transfer Points ("STPs") available for CLECs to develop their own AIN products. Qwest states that it provides access to the components (i.e. the SCE, SMS, STPs and AIN database) necessary for CLECs to develop their own AIN products and features. Qwest asserts that the FCC has held that AIN products and features do not have to be unbundled regardless of a determination of whether the features are proprietary because the FCC has found that AIN features are proprietary by their very nature. In any case, Qwest also argues that its AIN products are proprietary because they are covered by established patents, pending patents, trademarks, copyright, trade secret, and are otherwise proprietary to Qwest.

24. AT&T argues that the FCC requires the ILEC to provide all features, functions and capabilities of the switch, which includes "all vertical features that the switch is capable of providing including custom calling, CLASS features, and Centrex, as well as any technically feasible customized routing functions." In the *UNE Remand Order*, AT&T argues that the FCC found that the CLECs would be impaired if the ILEC did not provide the unbundled switch with all the features. AT&T claims that Qwest has not demonstrated that its AIN features differentiate it from its competitors or are otherwise competitively significant, such that its service should be classified as proprietary. AT&T argued that the FCC did not look at the practical, economic and operational concerns regarding the availability of AIN software, believing that if it made AIN databases available, the CLECs could enter their own AIN software. Qwest customers who currently enjoy AIN features will not switch carriers if CLECs are not able to provide a similar product, but AT&T

⁵ In the *UNE Remand Order*, the FCC discusses Ameritech's "Privacy Manager" as an example of a proprietary network element. Privacy Manager is derived from the SCE, and allows consumers to screen telemarketing calls. This feature is similar to Qwest's "Caller ID with Privacy +" feature.

1 asserts the process of introducing such products is not as easy as the FCC assumes, especially for a
2 new market entrant. AT&T argues that lack of access to AIN features would jeopardize the goal of
3 the 1996 Act to bring rapid competition to the greatest number of customers because recreating AIN
4 features is a lengthy and expensive process.

5 25. Staff concurred with Qwest that it is meeting its legal obligation according to the *UNE*
6 *Remand Order*. Staff cited the *UNE Remand Order* in which the FCC determined that an ILEC's
7 proprietary AIN products do not have to be unbundled when the ILEC makes the AIN platform or
8 database, SCE, SMS and STPs available for the CLECs to develop their own products. Staff was not
9 unsympathetic to AT&T's position and encouraged Qwest to periodically review its proprietary AIN
10 products and features and make a good faith effort to make available as many AIN products as
11 possible. Staff recommends that Qwest include language in its SGAT to reflect this commitment.

12 26. In the *UNE Remand Order*, the FCC found that unbundling proprietary AIN service
13 software is not "necessary" within the meaning of the standard in Section 251(d)(2)(A). The
14 evidence indicates that Qwest is providing access to SCE, SMS, STPs and AIN database, and thus, is
15 fulfilling its obligation as defined under the *UNE Remand Order*. Consequently, we must adopt
16 Qwest's position that it is not obligated to unbundle its proprietary AIN software.

17 27. On October 11, 2001, Qwest filed comments to Staff's Final Report, in which Qwest
18 states that it accepts all of Staff's recommendations in the Final Report, but requests clarification
19 concerning what good faith effort to provide AIN products would involve and what potential benefit
20 the CLECs would derive from such effort. Qwest requests that the Commission not adopt Staff's
21 recommendation that Qwest commit to make as many AIN products available as possible.

22 28. Staff's recommendation that Qwest review its AIN products and make a good faith
23 effort to make as many of them available as possible appears to request that Qwest act beyond its
24 current obligation to unbundle AIN software. While we believe that having such products available
25 would foster competition, we do not believe that Staff's recommended addition to the SGAT could be
26 enforced, nor do we believe it alleviates the concerns of the CLECs.

27 29. In its decision concerning AIN software, the FCC balanced the competing interests of
28 wanting to encourage incumbents to innovate and the needs of competitors for access to network

elements that promote the goals of the 1996 Act to bring competition to the greatest number of consumers. In para. 37 of the *UNE Remand Order* the FCC held that where the lack of access to the proprietary element would jeopardize the goal of the 1996 Act to bring rapid competition, the FCC could find that the benefits of facilitating competition outweigh the ILEC's proprietary interest. On the record in this docket we cannot make a determination that the need for access to the AIN software to achieve the goals of the 1996 Act outweighs Qwest's proprietary interest. However, we reserve the right to review our findings if such determination can be made in the future. We believe AT&T's concerns about access to AIN software have some validity and we are concerned that Qwest not utilize AIN software to make all telecommunications products proprietary and thus undermine the goals of the 1996 Act. We will require Qwest to cooperate with Staff in periodic reviews of all AIN products or features to evaluate whether they are indeed proprietary and whether the FCC's resolution on how to balance the goal of encouraging innovative products with the goal of competition remains appropriate.

30. The second impasse issue is whether Qwest is obligated to provide unbundled switching in wire centers in density zone 1 if all forms of EEL ("Enhanced Extended Link") access are not available.

31. In the *UNE Remand Order*, the FCC established the general rule that ILECs must make unbundled switching available. The FCC established an exception to the general rule under certain market circumstances. Specifically, the FCC held:

Despite our conclusion that, in general, requesting carriers are impaired without access to unbundled switching, we conclude that it is appropriate to establish a more narrowly tailored rule to reflect significant marketplace developments . . . we find that requesting carriers are not impaired without access to unbundled local circuit switching when they serve customers with four or more lines in density zone 1 in the top 50 metropolitan statistical areas (MSAs), . . . where incumbent LECs have provided nondiscriminatory, cost-based access to the enhanced extended link (EEL) throughout density zone 1.

32. Qwest argues that the FCC's exception is not dependent upon the availability of EELs in impacted wire centers. Qwest claims that the FCC determined that CLECs had adequate alternatives to unbundled switching in wire centers in density zone 1 of the top 50 MSA and did not

1 limit its analysis to wire centers where EELs are not exhausted

2 33. AT&T asserts that if a CLEC orders an EEL, and Qwest cannot provision the EEL,
3 Qwest must make the unbundled switching element available. AT&T argues that Qwest is not in
4 compliance with Checklist Item 6 if it doesn't make unbundled switching available to the CLECs
5 when an EEL is not available.

6 34. MCIW agrees with AT&T, and states that the FCC exception was predicated on a
7 CLEC being able to obtain EEL connections from Qwest and using the EEL to connect end users to
8 switching provided by the CLEC or another carrier other than Qwest. In its May 18, 2001 Brief,
9 MCIW states that "[l]ack of Qwest capacity has been a problem in the past and should not be allowed
10 to result in the situation where competitors cannot serve an end user in these high volume end offices
11 either through UNE-P or using EELs. Such a result would be an unreasonable roadblock to
12 competition for customers in those offices."

13 35. Staff agrees with the CLECs. Staff believes that if EELS are available in the
14 aggregate but not to the specific CLEC at the specific wire center, the availability does an individual
15 CLEC no good.

16 36. Qwest's proposed SGAT Section 9.11.2.5 provides:

17 Unbundled local switching does not constitute a UNE, and is therefore not
18 available at UNE rates, when CLEC's end user customer to be served with
19 unbundled local switching has four (4) access lines or more and the lines
20 are located in density zone 1 in specific Metropolitan Statistical Areas
21 ("MSA's"). Unbundled local switching is available at market-based rates
22 when CLECs end user customer to be served with unbundled local
23 switching has four (4) or more access lines and the lines are located in
24 density zone 1 in specified MSAs. This exception applies to density zone
25 1 as it was defined by Qwest on January 1, 1999. (emphasis added)

26 37. We agree with Staff and the CLECs. The availability of EEL is an important part of
27 the analysis of when there should be an exception to the general rule that unbundled switching be
28 made available at cost-based rates. In the *UNE Remand Order*, para. 288, the FCC held "[o]ur
conclusion that competitors are not impaired in certain circumstances without access to unbundled
switching in density zone 1 in the top 50 MSAs also is predicated upon the availability of the
enhanced extended link (EEL)." We find Qwest should revise its SGAT to recognize that if a CLEC

1 orders an EEL that Qwest cannot provision, Qwest must make the unbundled switching element
2 available at cost-based rates.

3 38. The third impasse issue is how to calculate the number of lines for the purpose of the
4 exception to providing unbundled switching at TELRIC rates in Zone 1 of the top 50 MSAs.

5 39. AT&T argues that the SGAT Section 9.11.2.5 is ambiguous regarding whether lines
6 should be counted on a per wire center basis or per location basis for determining whether the
7 exception to providing unbundled local switching applies. AT&T claims the FCC offers no guidance
8 and that it appears Qwest will count the number of lines a customer has on a wire center basis.
9 AT&T argues that the line count should be done on a location-by location basis. A location-by-
10 location basis is easiest for the CLEC to implement. A CLEC may not have access to information
11 concerning wire center line counts if an end user has lines from multiple locations included on the
12 same bill.

13 40. Qwest argues that the FCC exclusion applies "for end users with four or more access
14 lines within density zone 1". Qwest argues that AT&T's request to count lines by location erodes the
15 FCC mandate and should be rejected.

16 41. Staff concurs with Qwest. The FCC did not limit the exception to four lines at the end
17 user's individual location. Qwest's SGAT Section 9.11.2.5.2 provides: "this exception will be
18 calculated using the number of DS0-equivalent access lines CLEC intends to serve an end-user
19 customer within a wire center specified above." Staff believes this provision accurately reflects
20 Qwest's obligation. Staff recommends that to the extent there is a need on the CLEC's part for
21 information from Qwest to determine the appropriateness of the exemption, Qwest should be required
22 to provide the information to the CLEC, and this obligation should be incorporated into its SGAT.

23 42. In its September 6, 2001 Comments, Qwest states it is not clear what information
24 Qwest would be providing to the CLEC about the CLEC's own customer that CLEC doesn't already
25 possess.

26 43. In its extensive analysis, the FCC did not limit the line count to one location, but
27 states the exception applies "for end users with four or more access lines within density zone 1".
28 Given our finding that the exception should be applied on a wire center line count, upon a CLEC

1 request for unbundled switching for a customer with four or more lines in an affected wire center,
2 Qwest should provide confirmation to the CLEC that the end user has four or more lines in that wire
3 center. We find Qwest should revise its SGAT to reflect this obligation.

4 44. The fourth impasse issue is whether Qwest is required to provide unbundled access to
5 switch interfaces such as GR-303 or TR-008.

6 45. AT&T and Covad requested that Qwest provide access to unbundled local switching
7 using GR-303/TR-008 interfaces, but Qwest declined, claiming it is not obligated to provide such an
8 interface based on operational concerns.

9 46. Qwest has proposed language in another jurisdiction that AT&T has agreed to accept
10 if included in the Arizona SGAT.

11 47. Staff recommends that the language Qwest has proposed be included in its Arizona
12 SGAT, and that the parties have an opportunity to review such language.

13 48. Pending Qwest's filing updated SGAT language, the parties have resolved this issue.
14 Qwest should file the SGAT language for the parties review and comment.

15 CONCLUSIONS OF LAW

16 1. Qwest is a public service corporation within the meaning of Article XV of the Arizona
17 Constitution and A.R.S. Sections 40-281 and 40-282 and the Commission has jurisdiction over
18 Qwest.

19 2. The Commission, having reviewed the Final Report on Qwest's Compliance with
20 Checklist Item No. 6 dated October 1, 2001, and conditioned upon Qwest's satisfactory compliance
21 with the findings adopted herein, and further subject to Qwest passing relevant performance
22 measurements in the third-party OSS test, concludes that Qwest has met the requirements of Section
23 271 pertaining to Checklist Item No. 6, and the Commission hereby approves and adopts the revised
24 Final Report on Qwest's compliance with Checklist Item No. 6, as modified herein.

25 ORDER

26 IT IS THEREFORE ORDERED that the Final Report dated October 1, 2001, on Qwest's
27 compliance with Checklist Item No. 6 is hereby adopted, as modified herein.

28 IT IS FURTHER ORDERED that Qwest Corporation shall file within seven days of the

1 effective date of this Order, a revised SGAT incorporating the Findings and Conclusions herein.

2 IT IS FURTHER ORDERED that CLECs and other interested parties shall have ten days
3 following Qwest Corporation's filing of the revised SGAT to file written comments concerning the
4 proposed SGAT language.

5 IT IS FURTHER ORDERED that Commission Staff shall file within twenty days of Qwest
6 Corporation's filing, its recommendation to adopt or reject the proposed SGAT language and a
7 procedural recommendation for resolving any remaining dispute.

8 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

9 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

10 
11 CHAIRMAN
12 
13 COMMISSIONER
14 
15 COMMISSIONER

16 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
17 Secretary of the Arizona Corporation Commission, have
18 hereunto set my hand and caused the official seal of the
19 Commission to be affixed at the Capitol, in the City of Phoenix,
20 this 20th day of November 2001.

21 
22 BRIAN C. McNEIL
23 EXECUTIVE SECRETARY

24 DISSENT _____
25 JR:dap
26
27
28

SERVICE LIST FOR:

U S WEST COMMUNICATIONS, INC. (SECTION 271)

DOCKET NO.

T-00000A-97-0238

U S WEST Communications, Inc.
1801 California Street, #5100
Denver, Colorado 80202

Charles Kallenbach
AMERICAN COMMUNICATIONS SERVICES INC
131 National Business Parkway
Annapolis Junction, Maryland 20701

Maurcen Arnold
U S WEST Communications, Inc.
3033 N. Third Street, Room 1010
Phoenix, Arizona 85012

Karen L. Clauson
Thomas F. Dixon
MCI TELECOMMUNICATIONS CORP
707 17th Street, #3900
Denver, Colorado 80202

Michael M. Grant
GALLAGHER AND KENNEDY
2575 East Camelback Road
Phoenix, Arizona 85016-9225

Richard S. Wolters
AT&T & TCG
1875 Lawrence Street, Room 1575
Denver, Colorado 80202

Timothy Berg
FENNEMORE CRAIG
3003 N. Central Ave., Suite 2600
Phoenix, Arizona 85016

Joyce Hundley
UNITED STATES DEPARTMENT OF JUSTICE
Antitrust Division
1401 H Street NW, Suite 8000
Washington, DC 20530

Mark Dioguardi
TIFFANY AND BOSCO PA
500 Dial Tower
1850 N. Central Avenue
Phoenix, Arizona 85004

Joan Burke
OSBORN MALEDON
2929 N. Central Avenue, 21st Floor
P.O. Box 36379
Phoenix, Arizona 85067-6379

Thomas L. Mumaw
Jeffrey W. Crockett
SNELL & WILMER
One Arizona Center
Phoenix, Arizona 85004-0001

Scott S. Wakefield, Chief Counsel
RUCO
2828 N. Central Avenue, Suite 1200
Phoenix, Arizona 85004

Darren S. Weingard
Stephen H. Kukta
SPRINT COMMUNICATIONS CO L.P.
1850 Gateway Drive, 7th Floor
San Mateo, California 94404-2467

Patricia L. vanMidde
AT&T
111 West Monroe, Suite 1201
Phoenix, Arizona 85003

Thomas H. Campbell
LEWIS & ROCA
40 N. Central Avenue
Phoenix, Arizona 85007

Daniel Waggoner
DAVIS WRIGHT TREMAINE
2600 Century Square
1501 Fourth Avenue
Seattle, WA 98101-1688

Andrew O. Isar
TRI
4312 92nd Avenue, N.W.
Gig Harbor, Washington 98335

Douglas Hsiao
Jim Scheltema
Blumenfeld & Cohen
1625 Massachusetts Ave. N.W., Suite 300
Washington, DC 20036

Bradley Carroll
Cox Arizona Telcom, L.L.C.
1550 West Deer Valley Road
Phoenix, Arizona 85027

Raymond S. Heyman
Randall H. Warner
ROSIKA HEYMAN & DeWULF
400 E. Van Buren, Suite 800
Phoenix, Arizona 85004

Richard M. Rindler
Morton J. Posner
SWIDER & BERLIN
3000 K Street, N.W. Suite 300
Washington, DC 20007

Diane Bacon, Legislative Director
COMMUNICATIONS WORKERS OF AMERICA
5818 North 7th Street, Suite 206
Phoenix, Arizona 85014-5811

Michael W. Patten
ROSHKA, HEYMAN & DEWULF
400 E. Van Buren, Suite 800
Phoenix, Arizona 85004

1 Mark N. Rogers
 Excell Agent Services, L.L.C.
 2175 W. 14th Street
 Tempe, Arizona 85281

2 Robert S. Tanner
 3 DAVIS WRIGHT TREMAINE LLP
 17203 n. 42ND Street
 Phoenix, Arizona 85032

4 Mark P. Trincherro
 5 DAVIS WRIGHT TREMAINE LLP
 1300 S.W. Fifth Avenue, Suite 2300
 Portland, Oregon 97201

6 Jon Loehman
 7 Managing Director-Regulatory
 SBC Telecom, Inc.
 5800 Northwest Parkway
 8 Suite 135, Room 1.S.40
 San Antonio, Texas 78249

9 Lyndall Nipps
 Director, Regulatory
 10 Allegiance Telecom, Inc.
 845 Camino Sure
 Palm Springs, California 92262

11 M. Andrew Andrade
 5261 S. Quebec Street, Suite 150
 Greenwood Village, CO 80111
 Attorney for TELS Communications, Inc.

13 Todd C. Wiley
 GALLAGHER & KENNEDY
 2575 E. Camelback Road
 Phoenix, Arizona 85016-9225

15 Laura Izon
 COVAD COMMUNICATIONS CO
 4250 Burton Street
 Santa Clara, California 95054

17 Al Sterman
 ARIZONA CONSUMERS COUNCIL
 2849 E 8th Street
 Tucson Arizona 85716

19 Christopher Kempley, Chief Counsel
 Legal Division
 20 ARIZONA CORPORATION COMMISSION
 1200 West Washington Street
 Phoenix, Arizona 85007

21 Ernest G. Johnson, Director
 Utilities Division
 22 ARIZONA CORPORATION COMMISSION
 1200 West Washington Street
 23 Phoenix, Arizona 85007

24

25

26

27

28

**IN THE MATTER OF QWEST CORPORATION'S
SECTION 271 APPLICATION**

ACC Docket No. T-00000A-97-0238

FINAL REPORT ON QWEST'S COMPLIANCE

With

**CHECKLIST ITEM: NO. 6 - UNBUNDLED LOCAL
SWITCHING**

OCTOBER 1, 2001

DECISION NO. 104214

I. FINDINGS OF FACT

A. PROCEDURAL HISTORY

1. On October 10, 2000, the first Workshop on Checklist Item No. 6 (Unbundled Local Switching) took place at Qwest's offices in Phoenix. Parties appearing at the Workshops included Qwest Corporation¹, AT&T, MCI WorldCom, Sprint, Electric Lightwave, Inc., e-spire, Eschelon Telecom, Inc. and Allegiance Telecom. Qwest relied upon its supplemental testimony submitted in July, 2000 and its second supplemental affidavit filed on September 21, 2000. Additional Comments were filed on September 21, 2000 by AT&T, WorldCom, e-spire, Eschelon and Z-Tel. ELI filed comments on September 22, 2000. Qwest filed Rebuttal Comments on September 29, 2000 and a supplemental rebuttal affidavit on October 31, 2000.

2. On April 9, 2001, an additional Workshop was conducted on Checklist Item 6.

3. The Parties resolved many issues at the two Workshops held on October 10, 2000 and April 9, 2001. Outstanding issues from the October 10, 2000 Workshop included commitments by the parties to address take back issues for resolution at the follow-up workshop held on April 9, 2001. At the conclusion of the April 9, 2001 workshop, a number of impasse issues remained to be resolved. Parties filing briefs on the impasse issues on May 18, 2001, included AT&T, MCIW, Covad and Qwest. Staff filed its Proposed Findings of Fact and Conclusions of Law on August 27, 2001. Qwest filed comments on Staff's Proposed Findings of Fact and Conclusions of Law on September 6, 2001. Staff hereby files its Final Report on Checklist Item No. 6.

B. DISCUSSION

1. Checklist Item No. 6

a. FCC Requirements

4. Section 271(c)(2)(B)(vi) of the Telecommunications Act of 1996 requires a section 271 applicant to provide or offer to provide "[l]ocal switching unbundled from transport, local loop transmission, or other services."

5. Section 271(c)(2)(B)(ii) of the Act requires a section 271 applicant to show that it offers "[n]ondiscriminatory access to network elements in accordance with the requirements of sections 251(c)(3) and 252(d)(1)."

¹ As of the date of this Report, U S WEST Communications, Inc. has merged with Qwest Corporation, which merger was approved by the Arizona Commission on June 30, 2000. Therefore, all references in this Report to U S WES T have been changed to Qwest.

6. Section 251(c)(3) establishes an incumbent LECs "duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of [section 251] . . . and section 252."

7. In the *Second BellSouth Louisiana Order*,² the FCC required BellSouth to provide unbundled local switching that included line-side and trunk-side facilities, plus the features, functions, and capabilities of the switch.

8. In the *Second BellSouth Louisiana Order*, the FCC required BellSouth to permit competing carriers to purchase unbundled network elements, including unbundled switching, in a manner that permits a competing carrier to offer, and bill for, exchange access and the termination of local traffic.³

9. In the *Second BellSouth Louisiana Order*, the FCC also stated that measuring daily customer usage for billing purposes requires essentially the same OSS functions for both competing carriers and incumbent LECs, and that a BOC must demonstrate that it is providing equivalent access to billing information.⁴ The ability of a BOC to provide billing information necessary for a competitive LEC to bill for exchange access and termination of local traffic is an aspect of unbundled local switching. *Id.* The FCC found that there is an overlap between the provision of unbundled local switching and the provision of the OSS billing function. *Id.*

10. In the *Second BellSouth Louisiana Order*, the FCC also stated that to comply with the requirements of unbundled local switching, a BOC must also make available trunk ports on a shared basis and routing tables resident in the BOC's switch, as necessary to provide access to shared transport functionality. *Id.* The FCC also stated that a BOC may not limit the ability of competitors to use unbundled local switching to provide exchange access by requiring competing carriers to purchase a dedicated trunk from an interexchange carrier's point of presence to a dedicated trunk port on the local switch. *Id.*

b. Background

11. Unbundled local switching includes line-side and trunk-side facilities, plus the features, functions, and capabilities of the switch.

² *Application of BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc., for Provisions of In-Region, Inter-LATA Services in Louisiana*, CC Docket No. 98-121, Memorandum Opinion and Order, 13 FCC Rcd 20599, at 20715 (1998) ("*Second BellSouth Louisiana Order*").

³ *Id.* at 20723, 20733-34.

⁴ *Id.* at 20723.

12. The features, functions, and capabilities of the switch include the basic switching function as well as the same basic capabilities that are available to the incumbent LEC's customers.

13. Additionally, local switching includes all vertical features that the switch is capable of providing, as well as any technically feasible customized routing functions.

14. Given the demand for stand-alone unbundled local switching, the Arizona Technical Advisory Group (TAG) has not identified specific performance measurements for stand-alone unbundled switching. 5-Qwest-2 at p. 87. The Arizona Third Party Operation Support System (OSS) Test and Workshops have determined testing of unbundled switching as part of a UNE combination is more appropriate. *Id.* Therefore, the Cap Gemini Ernst & Young ("CGEY") OSS test will specifically review Qwest's ability to provide CLECs nondiscriminatory access to unbundled switching in conjunction with combinations of loop and transport unbundled network elements. *Id.*

c. Position of Qwest

15. On July 21, 2000, Qwest witness Karen A. Stewart provided testimony indicating that Qwest provides CLECs with access to unbundled switching. 5-Qwest-2 at p. 91.

16. Under Qwest's SGAT Section, 9.11.1.1, and Qwest's signed interconnection agreements, Qwest has a concrete legal obligation to provide unbundled local switching:

Unbundled Local Switching encompasses line-side and trunk-side facilities, plus the features, functions, and basic switching capabilities of the switch. The features, functions, and capabilities of the switch include the basic switching function, as well as the same basic capabilities that are available to Qwest end-users. Unbundled Local Switching also includes access to all vertical features that the switch is capable of providing, as well as any technically feasible customized routing functions. . .

5-Qwest-2 at p. 77.

17. Qwest's SGAT requires it to provide unbundled circuit switching that includes the line-side and trunk-side cards, plus the features, functions, and basic switching capabilities of the switch. 5-Qwest-2 at p. 79. Unbundled switching includes access to all vertical features that the switch is capable of providing, such as customized routing functions. *Id.* A CLEC can use a combination of a trunk-side port and custom routing to direct originating traffic to a dedicated trunk group such as a directory assistance trunk group. *Id.* Additionally, a CLEC may purchase unbundled switching in a manner that permits it to offer, and to bill for, exchange access and termination of local

traffic. 5-Qwest-2 at p. 79. Qwest's SGAT provides the CLEC with analog and digital line ports that include the following attributes:

- Telephone Number
- Directory Listing
- Dial Tone
- Signaling (loop or ground start)
- On/Off Hook Detection
- Audible and Power Ringing
- Automatic Message Accounting (AMA) Recording
- Access to 911, Operator Services and Directory Assistance
- Call Type Blocking Options (e.g. 900 services)

5-Qwest-2 at p. 79-80.

18. The FCC has also determined that an ILEC must meet the following requests for vertical services:

A BOC must activate any vertical feature or combination of vertical features requested by a competing carrier unless . . . (it) is not technically feasible.

A BOC can require a requesting carrier to submit a request for such a vertical feature through a predetermined process that gives a BOC an opportunity to ensure it is technically feasible.

19. Qwest's SGAT provides CLECs with both of these options: 1) A CLEC may order vertical features in association with unbundled switching, and 2) CLECs have access to all vertical features loaded in a Qwest switch, not just access to the features Qwest is providing its retail customers. 5-Qwest-2 at p. 80-81. Qwest's unbundling switching element also includes the option for the CLEC to order custom routing which will allow a CLEC to route its customers' calls to special trunk groups designated by the CLEC. Id.

20. Qwest also offers CLECs unbundled tandem switching which is contained in section 9.10.1 of the SGAT. 5-Qwest-2 at p. 82.

21. Unbundled switching is no longer a Section 251(c)(3) UNE in the top fifty metropolitan statistical areas (MSAs), in areas that are "Density Zone One," for businesses with four lines or more, when the ILEC offers Enhanced Extended Links (EELs). 5-Qwest-2 at p. 76. Two central offices in the Phoenix-Mesa MSA meet this definition. Id. Qwest has a concrete obligation to offer EELs in the two wire centers listed above and as a result, does not offer unbundled switching as a TELRIC priced UNE in those offices. Id.

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22. Qwest does offer the FCC required combination of loop and transport, i.e. "EELs" that permits Qwest to withdraw unbundled switching as a UNE in the Phoenix MSA. 5-Qwest-2 at p. 77. To meet its checklist requirements, Qwest will offer stand-alone unbundled circuit switching to CLECs (at market based rates) in areas that are "Density Zone One" for use by businesses with four lines or more. 5-Qwest-2 at p. 78. As of July 1, 2000, no Arizona CLEC has ordered stand-alone unbundled switching. Id. Unbundled switching has had virtually no demand as an individual stand-alone UNE across the Qwest region. 5-Qwest-2 at p. 79. CLECs are primarily interested in unbundled local circuit switching as part of a UNE combination, or UNE-P. Id.

23. If demand for a Checklist Item is low or a BOC has received no requests for a Checklist Item, the FCC permits the BOC to submit testing results to demonstrate that it is ready to furnish the Checklist Item on demand. 5-Qwest-2 at p. 82. Qwest has conducted a "Bench Test" which demonstrates that Qwest can, upon CLEC request, provision and maintain unbundled transport and switching in a timely and nondiscriminatory manner. Id. The Bench Test tested: 1) the provision of unbundled switching, transport and Unbundled Customer Controlled Reconfiguration Element ("UCCRE") orders in Phoenix, Arizona as well as: 2) the repair and maintenance of these elements. 5-Qwest-2 at p. 83. In the Bench Test, actual orders were placed and completed for each unbundled element tested. Id.

24. The 1999 Bench Test did identify provisioning issues that needed to be addressed. 5-Qwest-2 at p. 85. As these errors were identified, the provisioning systems were corrected. Id. In all cases, after the error on the initial order was corrected, the initial and all subsequent orders were successfully processed through the Qwest systems. Id. According to Qwest, the Bench Test clearly demonstrates that the processes are in place for Qwest to successfully provision CLEC orders for unbundled transport and switching in a timely, accurate and non-discriminatory manner. 5-Qwest-2 at p. 86. Qwest argues that it also demonstrates that Qwest is able to install, repair/maintain and bill these elements. Id. According to Qwest, it further proves that Qwest can provision and install, within standard installation intervals, unbundled transport and switching when requested by a CLEC. Id.

d. Competitors' Position

25. In their July 22, 1999, preliminary statements of position on Qwest's compliance with all Checklist Items, AT&T stated that Qwest has failed to comply with the requirement to provide nondiscriminatory access to unbundled switching. AT&T Ex. 1 at p. 10. Qwest has failed to offer all of the features of the switch and has failed to offer vertical features at cost-based prices. Id. Qwest has also failed to offer all of the operations and systems capabilities of the switch to CLECs. Id. Qwest's refusal to offer unbundled loops and unbundled shared transport has been such a serious impediment to local competition that none of the CLECs in Arizona have yet ordered unbundled switching. Id. Finally, AT&T states that Qwest has failed to put forth any credible testing evidence of its ability to provide, maintain and repair unbundled switching for CLECs. AT&T Ex. 1 at p. 10.

26. MCIW also argued that Qwest has failed to comply with Checklist Item 6. MCIW states that Qwest has failed to provide the business processes for ordering unbundled switch elements and does not contemplate doing so until it issues its Technical Publication release in October 1999. Qwest has also refused to provide MCIMetro with code conversion. MCIW also stated that the monthly service reports it receives from Qwest are inadequate.

27. Other CLECs filing comments on July 22, 1999 included Cox, ELI, e-spire, Sprint and Rhythms. ELI stated it joined in the position statements filed by the other CLECs. Cox and e-spire both stated that they had inadequate information to determine whether Qwest is in compliance with Checklist Item 6. Sprint did not comment on Checklist Item 6 in that it has not yet attempted to obtain access to Qwest's unbundled local switching in Arizona. Rhythms did not provide comments on Checklist Item 6.

28. AT&T and MCIW filed additional Comments on Checklist Item 6 on September 21, 2000.

29. AT&T had numerous concerns relating to language contained in Qwest's SGAT. Specifically, Qwest suggests that SGAT Sections 9.10 and 9.11 are sufficient to demonstrate Qwest's compliance with the requirements to provide unbundled switching. AT&T 4-1 at p. 31. AT&T claims that Qwest's SGAT language focuses on unbundled switching as an element and does not actually address access to the element. Id. Access should be provided at both the DS0 level for copper loops and at the DS1 level for PBX Trunks, ISDN trunks, and Digital Loop Carrier. Id. Standard Digital Loop Carrier interfaces should be provided to the switch, including GR303 and GR008, or any other interface used by Qwest. Id. AT&T states that the SGAT must be amended to include the above types of access. Id.

30. Sections 9.11.1.8 and 9.11.1.9.2 presents Qwest's list of vertical features that are provided by the switch. AT&T 4-1 at p. 31. There is some issue with respect to which customer features are provided by the switch and which features are provide via AIN capabilities in the Qwest signaling network. AT&T 4-1 at p. 31-32. AT&T suggests that Qwest clarify which features are provided by the switch and which by AIN capabilities. Id. Section 9.11.1.9.2 also states that "Additional Vertical Features in each switch are available on an individual case basis." AT&T 4-1 at p. 32. Qwest must modify this provision to describe with more precision a definite process pursuant to which it will specify and make available the vertical features of a given switch. Id.

31. Section 9.11.2.1 states that a CLEC may purchase vertical features that are loaded but not activated on a switch, but only after it makes a request through the BFR process. AT&T 4-1 at p. 32. The BFR process is a lengthy and expensive process and Qwest should modify this provision to establish a simpler, more expeditious process for activation. Id.

32. In Section 9.11.2.5, Qwest attempts to describe the limited exception to the national unbundled local switching requirement established by the FCC. AT&T 4-1 at p. 33. Qwest imperfectly captures the FCC's exception and fails to create a workable solution to accommodating the exception. Id. First, the FCC has made clear that only those density zone 1 classifications "frozen" as of January 1, 1999, are appropriate to use in applying the unbundled switching exclusion. AT&T 4-1 at p. 33. Qwest must make conforming changes to confirm that the wire centers identified meet the FCC's requirement and if the identified wire centers include other density zones, make clear in its SGAT that customers in such density zones are not covered by the exclusion, even if their lines are located in the named wire centers. Id.

33. Second, the FCC has made clear that the exception to the local switching unbundling requirement only applies if CLECs have nondiscriminatory, cost-based access to the EEL. AT&T 4-1 at p. 33. Qwest needs to modify its EELs offering in order to comply with the FCC's requirements. Id.

34. Third, if a CLEC is currently serving a customer using a loop/switch combination, and the customer adds a fourth (or more lines), then a CLEC should be able to continue to serve that customer using loop/switch combinations. AT&T 4-1 at p. 34. This section of the SGAT should provide language to allow a CLEC to continue serving a customer under these circumstances. Id. This section should also contain a provision requiring that in no event may Qwest disconnect from service any CLEC customer before arranging for continued uninterrupted service. Id.

35. Fourth, there is no clarity regarding the terms "end-user", "customer", and "end user customer" which are apparently used interchangeably in Section 9.11.2.5. AT&T 4-1 at p. 34. Also, the phrase "located within the Wire Center" is ambiguous. Id. AT&T proposes language to the SGAT to clarify the exclusion. Id.

36. AT&T also believes that the restriction on unbundled switching should not apply in offices that have severe space or capacity limits. AT&T 4-1 at p. 35. If space in the Qwest office is insufficient for multiplexing, concentration or the additional equipment needed for providing transport facilities or Qwest has insufficient Interoffice Facilities ("IOF") to provide the transport capability for EELs, there should be no restriction on CLEC use of unbundled switching. Id. Also, the restriction should not apply where service is provided using Remote Switching Modules ("RSMs"). Id.

37. AT&T also asked that Qwest address two areas that are not currently contained in the SGAT. AT&T 4-1 at p. 36. First, the SGAT does not include provisions for unbundling the Centrex management and control features of the switch. Id. SGAT language must be included that will allow CLECs to control, manage and maintain their own Centrex services using the Qwest unbundled switch. Id. Second, the SGAT does not include any provisions notifying CLECs of changes to the switch, including generic software upgrades, etc. AT&T 4-1 at p. 36. The SGAT must be modified to provide for prompt and complete notification as well as a process for CLECs to avail themselves of new features, functions and capabilities. Id.

38. AT&T comments that in Section 9.10, Qwest's provisions imperfectly reflect its requirements to provide tandem switching. AT&T 4-1 at p. 36. SGAT Section 9.10 also provides Qwest's definition of tandem switching. Id. Qwest cannot avoid its obligation to provide access to all tandem switches simply by changing the name of the switches and attempting to limit the tandem switch's functions. Id. Qwest's tandem switching product refers nominally to "local tandem switching" and this should be clarified as to whether this offering intends to limit a CLECs access to all of Qwest's tandem switches. AT&T 4-1 at p. 36-37. AT&T states that all Qwest's references to "local tandem switches" be changed to "tandem switches" to more closely track the FCC's requirements. Id.

39. SGAT Section 9.10.1 does not fully conform to the requirements set for the by the FCC. AT&T 4-1 at p. 37. AT&T proposes that this section be revised to more closely reflect the FCC's orders. Id.

40. SGAT Section 9.10.2 is the provision in which Qwest sets forth certain terms and conditions for access to tandem switches. AT&T 4-1 at p. 37. Qwest requires "tandem to tandem connections" between Qwest and third party tandem providers. Id. AT&T does agree that "connections" must be made, but Qwest must provide more detail regarding what specific "connections" it deems are necessary, how they will be provided and by whom. Id.

41. Finally, AT&T proposes adding a section as 9.10.2.2. that tracks the FCC's Orders as follows:

9.10.2.2 The requirement to provide unbundled tandem switching includes: (i) trunk-connect facilities, including but not limited to the connection between trunk termination at a cross-connect panel and a switch trunk card; (ii) the bas switching function of connecting trunks to trunks; and (iii) the functions that are centralized in tandem switches (as distinguished from separate end-office switches), including but not limited to call recording, the routing of calls to operator services, and signaling conversion features.

AT&T 4-1 at p. 37-38.

42. MCIW's primary concern was with SGAT Section 9.8.3 which states that UNE Rates apply unless the end-user to be served has four access lines or more and the lines are located in density zone 1 in the MSAs specified in the UNEs Local Switching Section. MCIW 4-1 at p. 19. *In the latter circumstances, market rates apply.* Id. MCIW's position is that all rates should be properly reflected in the SGAT and proposes that this section be revised to state, "In the latter circumstances, Qwest will charge market rates in accordance with Exhibit A." Id.

e. Qwest Response

43. In its September 29, 2000 written response, Qwest addressed AT&T's and MCIW's concerns. Qwest responded to the parties concerns on a section by section review of the SGAT.

44. With respect to Section 9.10.1.1 regarding the description of the local tandem switching element, AT&T wanted Qwest to clarify whether this offering intends to limit a CLEC's access to Qwest's local tandem switches. Qwest 4-1 at p. 32. AT&T also requested that all references to "local tandem switches" be changed to "tandem switches". Id. Qwest's unbundled tandem switching offering is limited to local tandems. Qwest 4-1 at p. 32. Qwest does not agree with AT&T's assertion that no FCC Order or rule on this issue distinguishes between local and other kinds of tandems. Id. Qwest does not accept AT&T's recommendation to expand section 9.10 to cover unbundling of access tandems. Id.

45. Regarding AT&T's concern over Qwest providing more detail regarding what specific "connections" it deems are necessary, how they will be provided and by whom, Qwest agrees to add a new section 9.10.2.2 as proposed by AT&T with the understanding that Qwest can unbundle access to call recording equipment only to the extent any such recording equipment is to be installed in a Qwest local tandem. Qwest 4-1 at p. 33.

46. AT&T had listed a number of concerns regarding section 9.11 - 1) that Qwest's SGAT language focuses on unbundled switching as an element and does not actually address access to the element; 2) access should be provided at both the DS0 level for copper loops and at the DS1 level for PBX Trunks, ISDN trunks, and Digital Loop Carrier; and 3) standard Digital Loop Carrier interfaces should be provided to the switch, including GR303 and GR008, or any other interface used by Qwest. Qwest 4-1 at p. 34. Qwest agrees that Unbundled Local Switching includes access to the line-side and trunk-side facilities, plus the features, functions, and capabilities of the switch. Qwest 4-1 at p. 34. This access encompasses all features, functions, and capabilities of the switch to include the DS1 level for PBX trunks and ISDN trunks. Id. Qwest does not conceptually disagree that a CLEC would have access to all digital loop carrier system interfaces. Id. Qwest is currently reviewing the technical feasibility and the practical application of this type of access and will present its findings on the feasibility study on providing unbundled TR303 access to the parties at the workshop. Id.

47. AT&T also expressed many other concerns over SGAT section 9.11. AT&T requested clarity on which features are provided by the central office switch and which by Advanced Intelligence Network ("AIN") capabilities, and why certain features are provided by AIN and not by the switch. Qwest 4-1 at p. 35. AT&T also wanted modification of this provision to describe with more precision the definite process pursuant to which it will describe the vertical features of a given switch. Id. Finally, AT&T recommended Qwest modify this provision to establish a simpler, more

expeditious BFR process. Id. The Qwest unbundled local switching UNE includes access to the Service Creation Environment ("SCE") and AIN database but does not include access to AIN features. Qwest 4-1 at p. 36. Qwest argues that this is consistent with the FCC Order that specifically stated ILECs are not required to unbundle AIN features. Id. Qwest agreed to provide information to CLECs who are converting Qwest retail customers to UNE-P, by USOC, all of the AIN features and to clarify that AIN features are not available with UNE-P configurations. Id. Qwest also agreed to expand the list of central office features identified in the SGAT. Id.

48. Regarding AT&T's concern on the FCC's Density Zone 1 classifications "frozen" as of January 1, 1999 and that the wire centers identified meet the FCC's requirement, Qwest asserts that the two Phoenix wire centers meet the FCC definition and are both in Zone 1 and do not include any end user customers outside of Zone 1 density area as defined by the FCC. Qwest 4-1 at p. 40.

49. To address AT&T's concern that there is no clarity regarding the terms "end-user", "customer", and "end user customer", Qwest agreed to modify Section 9.11.24 to consistently use the term end user customer throughout. Qwest 4-1 at p. 41.

50. With regard to clarification on if a CLEC is currently serving a customer using a loop/switch combination, and the customer adds a fourth (or more lines), then a CLEC should be able to continue to serve that customer using loop/switch combinations, Qwest does not agree. Qwest 4-1 at p. 40. Under the FCC unbundled switching exemption, Qwest need not offer unbundled switching in Zone 1 wire centers to a CLEC wanting to serve an end user customer with four or more lines in that wire center. Id.

51. Regarding AT&T's request for clarification on how the four or more lines for one customer in a Density Zone 1 central office is determined, the unbundled switching exemption refers to four or more lines for one end user customer served by a Zone 1 wire center with no reference to a per location requirement. Qwest 4-1 at p. 40. Qwest also agrees with AT&T's recommendation that there should be a transition period to assure no disconnection of service for any CLEC's end user customer previously served by Qwest unbundled switching. Id.

52. Qwest did agree to AT&T's last three subsections of proposed language and a portion of another regarding lines counted for exclusion, high frequency portion of the loop, end users considered in MDUs and ISDN-BRI but did not agree to their first three additions. Qwest 4-1 at p. 41.

53. Regarding AT&T's belief that the restriction on unbundled switching should not apply in offices that have severe space or capacity limits, Qwest does not agree. According to Qwest, the FCC made it clear that Qwest has no obligation to build unbundled dedicated transport so the suggestion to link the switching exemption with sufficient transport facilities is unfounded.⁵ Qwest 4-1 at p. 42.

⁵ See UNE Remand Order at para. 324.

54. Finally, regarding AT&T's two concerns over the SGAT not including provisions for unbundling the Centrex management and control features of the switch and no provisions notifying CLECs of changes to the switch, including generic software upgrades, etc., Qwest does not agree that Centrex Customer Management is a feature of the switch. Qwest 4-1 at p. 42. Qwest does agree to provide access to all central office based Centrex features and functions, plus Qwest agrees to add access to unbundled Centrex Customer Management System as a feature of unbundled local switching. Id. Qwest does not agree to add language to its SGAT regarding notification of generic software upgrades as, according to Qwest, the current network disclosure processes are more than adequate to notify CLECs of generic software upgrades. Id.

55. Eschelon also expressed many concerns over SGAT section 9.11. Specifically, Eschelon wanted Qwest to commit to document and make readily available a list of features, including Centrex features that Qwest is obligated to provide with unbundled switching. Qwest 4-1 at p. 35. Additionally, Eschelon recommended that the SGAT state that the use of the BFR process is only required when a feature is ordered for the first time, and Qwest does not offer it to its retail customers but the switch is capable of providing it. Id. Qwest provides two ways through the IRRG located at <http://www.uswest.com/wholesale/guides/index.html> for CLECs to determine the features available in an end user's serving central office: 1) using a pull down menu shown called "Tariff & Network Info" and following that to a new menu called "Interconnection Databases and finally selecting "Central Office Find"; and 2) selecting "Switch Features" when the CLLI code of the serving office is already known. Qwest 4-1 at p. 36. CLECs who use IMA can also determine "feature availability" through IMA. Id. Regarding the BFR process, Qwest also agrees that the traditional BFR process would only be invoked the first time a new feature is required for a given switch. Qwest 4-1 at p. 37. Qwest will augment the existing ICB process to handle requests for features where a technical feasibility assessment needs to be completed to assure compatibility before an order can be accepted. Id.

f. Workshops

56. On October 31, 2000, Qwest witness Karen Stewart filed a supplemental rebuttal affidavit to address a number of issues from the October 11-13 Workshops.

57. Qwest did not agree to AT&T's recommendation to expand Section 9.10 to cover unbundling of access tandems. Qwest 4-6 at p. 11. Qwest once again stated that it did not agree with AT&T's assertion that no FCC Order or rule on this issue distinguishes between local and other kinds of tandems. Id.

58. Qwest has revised the definition of local tandem switching in Section 9.10.1 to meet concerns expressed in the Workshop that the definition did not adequately track FCC requirements. Qwest 4-6 at p. 11. According to Qwest, the new language tracks the FCC's definition in paragraph 426 of the *First Competition Order*. Id.

59 To address the issue regarding how "four lines" or more will be calculated for the purposes of the unbundled switching exception in the top 50 MSAs, Qwest has modified the SGAT to provide CLECs with the following guidelines which Qwest feels capture the agreements reached at the Workshop:

- 9.11.2.5.2 This exclusion will be calculated using the number of DS0-equivalent access lines CLEC intends to serve an end user customer within a Wire Center specified above.
- 9.11.2.5.3 UNE-P is not available for end user customers with four or more access lines located within one of the Wire Centers specified above.
- 9.11.2.5.4 Only dial-tone lines shall be used in counting the exclusion. Private line type data lines, alarm or security lines, or any other type of non-dial-tone lines shall not be used in the count.
- 9.11.2.5.5 The high frequency portion of a loop shall not count as a second line.
- 9.11.2.5.6 End-users shall be considered individually in MDU buildings or any other multiple use or high-rise.

Qwest 4-6 at p. 12.

60. To address the discussion at the Workshop regarding how a CLEC can determine which features are available with unbundled switching, Qwest will list the three ways in which CLECs, through the IRRG, can determine the features available in an end user's serving central office at <http://www.uswest.com/wholesale/guides/index.html>. Qwest 4-6 at p. 12. Additionally, a CLEC who uses IMA can also determine "feature availability" through IMA. *Id.* at p. 13.

61. Regarding a discussion at the Workshop on feature packages, Qwest stated that it does provide CLECs access to individual features, and not feature packages, so that a CLEC is not required to purchase and/or activate any features it does not want to have on an individual customer's local exchange line. Qwest 4-6 at p. 14.

62. In addressing AT&T's concern over AIN features, Qwest states that all of its AIN features are proprietary and therefore, it is not required to provide access to AIN features. Qwest 4-6 at p. 14. Qwest has patents that have been issued by the United States Patent Office for AIN services and other applications have been filed with the patent office. *Id.* Qwest also has trademarks on several of the service names. *Id.* The AIN services that Qwest has developed are also unique in regard to their actual implementation (that is, the "code"). *Id.* at p. 15. Qwest has specified the requirements for all services based on its unique customer base, region, and in some cases, based on State PUC requirements. *Id.* In addition, the service implementations are also unique

because of the framework that Qwest has developed for the execution and support of AIN services. Id.

63. To address CLEC concerns of whether a process was in place for CLECs to access the AIN platform to design their own features, Qwest clarified that Section 9.14 of the SGAT sets forth the procedure, complete with timeframes. Qwest 4-6 at p. 15.

64. CLECs requested that Qwest develop a process for activating features in switches. Qwest 4-6 at p. 15. In response, Qwest has developed the Special Request Process ("SRP") for CLECs to use to activate features in the switch or to request that features be loaded into the switch. Id. SGAT Section 9.11.2.1 sets forth the Special Request Process. Id.

65. AT&T had concerns that the SGAT focuses on unbundled switching as an *element* and does not actually address *access* to the element. Qwest 4-6 at p. 16. AT&T recommended that access should be provided at both the DS0 level for copper loops and at the DS1 level for PBX trunks, ISDN trunks, and Digital Loop Carrier. Id. AT&T further stated that standard Digital Loop Carrier interfaces should be provided to the switch, including GR303 and GR008, or any other interface used by Qwest. Id. Qwest agrees that Unbundled Local Switching includes access to the line-side and trunk-side facilities, plus the features, functions, and capabilities of the switch and that this access encompasses all features, functions, and capabilities of the switch to include the DS1 level for PBX trunks, and ISDN trunks. Id.

66. Qwest does not agree with AT&T that a CLEC may continue to serve an end user customer in a Zone 1 density wire center with (UNE based) unbundled local switching if the customer adds a fourth line. Qwest 4-6 at p. 16. Under the FCC unbundled switching exemption, Qwest need not offer unbundled switching in Zone 1 wire centers to a CLEC wanting to serve an end user customer with four or more lines in that wire center. Id. Qwest does agree that it would be reasonable to agree to a transition period to assure no disconnection of service for any CLEC's end user customer previously served by Qwest unbundled switching. Id. at p. 17.

67. AT&T stated that it believes that the restriction on unbundled switching should not apply in offices that have severe space or capacity limitations. Qwest 4-6 at p. 17. AT&T stated that if space in the Qwest office is insufficient for multiplexing, concentration or the additional equipment needed for providing transport facilities, there should be no restriction on CLEC use of unbundled switching. Id. If Qwest has insufficient Interoffice Facilities to provide the transport capability for EELs, there should be no restriction on CLEC use of unbundled switching. Id. In addition, the restrictions should not apply where service is provided using Remote Switching Modules. Id. Qwest does not agree that the FCC's unbundled switching exemption is dependent upon capacity availability for other services in the two Phoenix wire centers. Id. According to Qwest, the FCC made it clear that Qwest has no obligation to build unbundled dedicated transport so the suggestion to link the switching exemption with sufficient transport facilities is unfounded. Id.

68. Finally, Qwest did agree to add language per CLECs request to Section 9.11.2.10 of the SGAT to indicate that Qwest will deliver to CLECs usage records necessary for billing. Qwest 4-6 at p. 18.

g. Disputed Issues

69. At the conclusion of the October 9, 2000 and April 10, 2001 Workshops, the parties were unable to agree on a number of issues that went to impasse involving unbundled local transport. Statements of Positions on the impasse issues were filed by AT&T, MCIW, Covad and Qwest on May 18, 2001.

DISPUTED ISSUE NO. 1: Whether Qwest must provide unbundled access to Advanced Intelligence Network ("AIN") features? (SW-1)

a. Summary of Qwest and CLEC Positions

70. AT&T argued that Qwest's reading of the FCC's *UNE Remand Order* regarding AIN platform is too broad and that the FCC disregarded its own standards for determining whether a network element is proprietary or necessary. AT&T May 18, 2001 Brief at p. 19. The FCC has made it clear that the ILEC must provide all features, functions and capabilities of the switch as part of the local switching element which "includes all vertical features that the switch is capable of providing including custom calling, CLASS features, and Centrex, as well as any technically feasible customized routing functions." *Id.* at p. 19-20. The FCC reaffirmed its definition of unbundled local switching in the *UNE Remand Order* and found that the CLECs would be impaired if the ILEC did not provide the unbundled switch with all the features. *Id.*

71. AT&T went on to state that Qwest has not demonstrated that its AIN features differentiate it from its competitors or is otherwise competitively significant. *Id.* at p. 23. It does not appear that Qwest's service appears in any way unique to warrant a finding that it should be classified as proprietary as defined by the FCC and appears to be no different than any other switch feature that Qwest is required to provide CLECs. *Id.*

72. AT&T also argued that lack of access to AIN features would jeopardize the goal of the 1996 Act to bring rapid competition to the greatest number of customers. *Id.* at p. 23. To recreate AIN features is a lengthy and expensive process, which can take several years to develop and implement. *Id.* at p. 24. AT&T's position is that the FCC's third circumstance has been met -- "lack of access to the proprietary element would jeopardize the goal of the 1996 Act to bring rapid competition to the greatest number of customers." *Id.*

73. Finally, AT&T argued that as a practical, economic and operational matter, CLECs are precluded from providing the service it seeks to offer. *Id.* at p. 24. It is impractical for a CLEC to have to provide its own AIN service software to enter a market because the CLEC would either have to write its own software or purchase it, assuming it is available. *Id.* This is not practical for a new market entrant. *Id.* AT&T

believes when properly analyzed based on the standards established by the FCC, the proper conclusion is that Qwest should be required to make its AIN service software available to CLECs that are using UNEs to provide telecommunications services. Id. at p. 25.

74. Qwest argued that with regard to this issue, the FCC has been clear: "Thus, we agree with Ameritech and BellSouth that AIN service software should not be unbundled." Qwest May 18, 2001 Brief at p. 36. Qwest also relied upon the following passage from the *UNE Remand Order*:

We agree with Ameritech that unbundling AIN service software such as "Privacy Manager" is not "necessary" within the meaning of the standard in section 251(d)(2)(A). In particular, a requesting carrier does not need to use an incumbent LEC's AIN service software to design, test, and implement a similar service of its own. (820) Because we are unbundling the incumbent LECs' AIN databases, SCE, SMS, and STPs, requesting carriers that provision their own switches or purchase unbundled switching from the incumbent will be able to use these databases to create their own AIN software solutions to provide services similar to Ameritech's "Privacy Manager." They therefore would not be precluded from providing service without access to it. Thus, we agree with Ameritech and BellSouth that AIN service software should not be unbundled.

UNE Remand Order at para. 821. Qwest does not provide access to its own AIN products with UNE-Switching. Id. The FCC has determined that an ILEC's AIN products do not have to be unbundled when ILECs make the AIN platform or database, Service Creation Environment (SCE), SMS, and STPs available for CLECs to develop their own AIN products. Id. As required by the *UNE Remand Order*, Qwest provides CLECs access to the components necessary to develop their own AIN products and features, specifically, the SCE, SMS, STPs, and AIN database. Id. at p. 37. In addition to Qwest's testimony, Qwest's SGAT establishes that Qwest offers each of the four required items to CLECs which allow CLECs to develop their own AIN products: AIN databases/platform (9.14.1.2 and 9.14.2.2); SCE (9.14.1.1); SMS (9.13.1.1); and STPs (9.13.1.1). Id. at p. 36-37. Id. Qwest complies with the necessary requirements and Qwest's AIN products are not required to be unbundled. Id.

75. Qwest stated that it has demonstrated that it is not obligated to unbundle its AIN features in that the FCC has held that AIN features do not have to be unbundled regardless of a determination of whether the AIN features are proprietary. Id. at p. 40. Additionally, Qwest has established that its AIN features are proprietary because they are covered by patents, pending patents, trademarks, copyright, trade secrets, and are otherwise proprietary to Qwest. Id.

b. Discussion and Staff Recommendation

76. The FCC has determined that an ILEC's AIN products do not have to be unbundled when ILECs make the AIN platform or database, Service Creation Environment (SCE), SMS, and STPs available for CLECs to develop their own AIN products. As required by the FCC's *UNE Remand Order*, Qwest provides CLECs access to the components necessary to develop their own AIN products and features. AT&T provided no cites to FCC Orders to support its position that the such AIN unbundling is required at this time. Staff believes AT&T provided no cites, because there aren't any at this point in time.

77. At the same time, Staff understands the concerns raised by AT&T. AT&T argues that lack of access to AIN features would jeopardize the goal of the 1996 Act to bring rapid competition to the greatest number of customers. AT&T also argues that to recreate AIN features is a lengthy and expensive process, which can take several years to develop and implement. Nonetheless, the FCC spent considerable time analyzing the same arguments which the Commission is today presented with. The FCC found that it was sufficient for the ILEC to make available the AIN platform or database, SCE, SMS and STPs for the CLECs to develop their own AIN products. Qwest has a legally binding obligation to do what is required under FCC Orders in its SGAT. Therefore, Staff believes that Qwest is meeting its obligations as defined under current FCC Orders.

78. Staff would encourage Qwest to undertake periodic reviews of its AIN products and features and to make a good faith concerted effort to make available as many AIN products as possible. Staff would recommend that Qwest include language in its SGAT to reflect this commitment.

DISPUTED ISSUE NO. 2: Whether Qwest is obligated to provide unbundled switching in wire centers in density zone 1 if all forms EEL access is not available? (SW-6)

a. Summary of Qwest and CLEC Positions

79. AT&T argued that the FCC has determined that unbundled local switching is a UNE that ILECs must make available. AT&T Brief at p. 25. The FCC did "find, however, that an exception to this rule is required under certain market circumstances. We find that, where incumbent LECs have provided nondiscriminatory, cost-based access to combinations of loop and transport unbundled network elements, known as the EEL, requesting carriers are not impaired without access to unbundled switching for end users with four or more lines within Density Zone 1 in the top 50 metropolitan statistical areas ("MSAs")." *Id.* at p. 26. Qwest argues that it does not have to provide unbundled switching if it *offers* the EEL in Density Zone 1 wire centers, whether or not an EEL is *available* from Qwest. *Id.* AT&T's position is that if an EEL is ordered by a CLEC and it cannot be provisioned by Qwest, Qwest must make the unbundled switching element available. *Id.* Qwest is not in compliance with Checklist Item 6 if Qwest does not make

unbundled switching available if an EEL is not available. Id. at p. 27. If unbundled switching is not made available to the CLECs when an EEL is not available, the FCC's Order is essentially negated. Id.

80. MCIW argued that Qwest's SGAT Section 9.11.2.5 provides that unbundled switching is not available in certain end offices when the end-user customer to be served has four access lines or more. MCIW May 18, 2001 Brief at p. 5. While the FCC rules provide that unbundled switching is not required to be provided in the situation described by Qwest – that decision was predicated upon a CLEC being able to obtain EEL connections from Qwest and using the EEL to connect end users to switching provided by the CLEC, themselves, or another carrier other than Qwest. Id. at p. 6. The ability of Qwest to deny unbundled switching or UNE-P in these situations should be conditioned upon Qwest's ability to provide the CLEC an EEL connection, upon request, for those certain end offices. Id. Lack of Qwest capacity has been a problem in the past and should not be allowed to result in the situation where competitors cannot serve an end user in these high volume end offices either through UNE-P or using EEL's since such a result would be an unreasonable roadblock to competition for customers in those offices. Id.

81. Qwest argued that the FCC's unbundled switching exemption is not dependent upon capacity availability for other services impacted Qwest wire centers. Qwest May 18, 2001 Brief at p. 41. The FCC, after a detailed analysis, determined that CLECs had adequate alternatives to unbundled switching in wire centers in density zone 1 of the top 50 MSAs and also did not limit its analysis to wire centers without exhaust issues. Id. The FCC did require ILECs to offer EELs in those wire centers, but it did not condition the switching exception on a CLEC specific/wire center specific analysis of facility exhaustion. Id.

b. Discussion and Staff Recommendation

82. Staff agrees with MCIW and AT&T. Qwest's argument that it does not have to provide unbundled switching if it *offers* the EEL in Density Zone one wire centers, whether or not an EEL is *available*, is specious at best. If available in the aggregate but not to the specific CLEC at the specific wire center, the availability does an individual CLEC no good.

83. Therefore, Staff agrees with AT&T and MCIW that if an EEL is ordered by a CLEC but it cannot be provisioned by Qwest, Qwest must make the unbundled switching element available in Density Zone one of the top fifty MSAs.

DISPUTED ISSUE NO. 3: How should lines be calculated for the purpose of the exception to providing unbundled switching at TELRIC rates in Zone 1 of the top 50 MSAs? (SW-9)

a. Summary of Qwest and CLEC Positions

84. AT&T argues that the SGAT is ambiguous regarding how lines should actually be counted, whether on per-wire center or per-location basis. AT&T Brief at p. 28. AT&T's position is that the line count should be done on a location-by-location basis. *Id.* The FCC noted that 3 lines or less "captures a significant portion of the mass market." *Id.* This market was identified as residential and small business market but this analysis is not definitive. *Id.* A location-by-location analysis is easiest for the CLEC to implement since the CLEC can determine how many lines are at a location. *Id.* A CLEC cannot always determine if an end user customer at a location has multiple locations on the same bill since that information may not be available to the CLEC. *Id.* at p. 29. This information is in the possession of Qwest; and Qwest has made no process available for the CLEC to obtain the information. *Id.* The SGAT language as proposed is ambiguous and is far from clear how the CLECs are to implement Qwest's proposal. *Id.* The more practical way to implement the FCC's "3 lines or less exception" to Qwest's obligation to provide the unbundled local switching network element is on a location basis. *Id.*

85. Qwest argued that AT&T's suggestion that Section 9.11.2.5 be modified to add language that provides counting a CLECs lines for purposes of applying the UNE-Switching exclusion be limited to single end user locations does not apply to single end user customers within Density Zone 1. Qwest Brief at p. 42. The exclusion is not broken into sub-elements at specific geographic locations or addresses within Density Zone 1. *Id.* On this point, Qwest relies upon the following passage from the FCC's *UNE Remand Order*:

We find that, where incumbent LECs have provided nondiscriminatory, cost-based access to combinations of loop and transport unbundled network elements, known as the enhanced extended link (EEL), requesting carriers are not impaired without access to unbundled switching for end users with four or more access lines within density zone 1 in the top 50 metropolitan statistical areas (MSAs).

b. Discussion and Staff Recommendation

85. There were actually two sub-issues raised in impasse issue 3. The first sub-issue is whether or not a line count is performed on a location-by-location basis as proposed by AT&T or whether Qwest's proposal to do it on a wire center basis is appropriate. The second sub-issue is how you deal a situation when a CLEC's end-user customer with three lines or fewer served by UNE for unbundled switching adds lines so that it has four or more lines.

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86. On the first sub-issue, AT&T acknowledged that the FCC stated that ILECs do not have to provide Unbundled Local Switching to customers with four or more lines in Density Zone 1 wire centers if the ILEC makes the EEL available. Qwest's SGAT Section 9.11.2.5.2 reflects this obligation, stating "this exclusion will be calculated using the number of DS0-equivalent access lines CLEC intends to serve an end-user customer within a wire center specified above."

87. Staff, therefore, concurs with Qwest's position. The FCC did not disaggregate the exception down to the individual location level. AT&T supports its recommendation only with the argument that it would be easier for CLECs to account for the number of lines of each customer on a location basis rather than a wire center basis. AT&T also argued, however, that a CLEC cannot always determine if an end user customer at a location has multiple locations on the same bill since that information may not be available to the CLEC and is only available to Qwest. To the extent there is a need on the CLEC's part for information from Qwest to determine the appropriateness of the exemption, Qwest should be required to provide this information to the CLEC, and this obligation should be incorporated into its SGAT.

88. With regard to sub-issue 2, the question of pricing after a CLEC customer adds a fourth line in zone one of the top fifty MSAs is addressed under Checklist Item 2 as impasse issue 7 (UNE-P-10).

DISPUTED ISSUE NO. 4: Whether Qwest is required to provide unbundled access to switch interfaces such as GR-303 or TR-008? (SW-18)

a. Summary of Qwest and CLEC Positions

89. AT&T argued that it has requested that Qwest provide access to unbundled local switching using GR-303/TR-008 interfaces but that Qwest has declined stating it is not obligated to provide such an interface and based on operational concerns. AT&T Brief at p. 29. AT&T clarified its request that the CLEC be permitted to provide its own compatible remote terminal and then lease transport from Qwest or provides its own transport from the remote terminal back to Qwest's switch. Id. at p. 30. Qwest proposed SGAT language in another jurisdiction to permit what AT&T was requesting. Id. at p. 31. AT&T stated that it accepted Qwest's language and would agree to close this issue if that language is brought into Arizona. Id.

90. Covad stated that it concurred with the comments filed by AT&T and that the Commission should require Qwest to amend its SGAT to reflect this unbundling requirement. Covad May 18, 2001 Brief at p. 12.

91. Qwest stated in its comments that it has recently reached agreement with AT&T on this issue and has agreed to close it in Arizona. Qwest May 18, 2001 Brief at p. 42. Qwest believes that the settlement reached between the parties offers AT&T the functionality it sought while addressing the concerns of Qwest regarding concentration levels, network security, and network integrity. Id. at p. 43. Based on the settlement,

Qwest is not briefing this issue and it is not submitted to the Commission for determination. Id.

b. Discussion and Staff Recommendation

92. Based on Qwest's agreement to add language proposed by Qwest in another jurisdiction, and AT&T and Covad's agreement to this, this issue is deemed closed subject to Qwest incorporating such language into its Arizona SGAT. AT&T clearly stated that it has accepted the SGAT wording proposed by Qwest and that this issue should be considered closed upon follow through by Qwest.

93. Therefore, Staff recommends that the language proposed by Qwest be incorporated into Qwest's Arizona SGAT, and that parties have the opportunity to review such language once the SGAT is modified.

g. Verification of Compliance

94. The parties resolved all outstanding issues regarding Qwest's compliance with Checklist Item 6, with the exception of the four impasse issues discussed above.

95. Qwest has also agreed to allow all CLECs to opt into the revised SGAT provisions resulting from these Workshops.

96. After considering the record herein and subject to Qwest's modifying its SGAT language consistent with the resolution of the impasse issues discussed above, Staff recommends that Qwest be found to comply with Checklist Item 6 which requires Qwest to provide or offer to provide "[l]ocal switching unbundled from transport, local loop transmission, or other services." See 47 U.S.C. Section 271(c)(2)(B)(vi).

97. After considering the record herein and with resolution of the Impasse Issues as discussed above, Staff believes that Qwest has demonstrated that it complies with Sections 271(c)(2)(B)(ii) and 251(c)(3).

98. After considering the record herein and subject to Qwest's modifying its SGAT language consistent with the resolution of the impasse issues discussed above, Staff believes that Qwest has demonstrated that it also complies with the requirements contained in the FCC's *Second BellSouth Louisiana Order* which are discussed in Findings of Fact 7 through 10 above.

99. Qwest's compliance with Checklist Item 6 is dependent upon its satisfactory performance with regard to any relevant performance measurements in the Third Party OSS Test in Arizona.

II. CONCLUSIONS OF LAW

1. 47 U.S.C. Section 271 contains the general terms and conditions for BOC entry into the interLATA market.
2. Qwest is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. Sections 40-281 and 40-282 and the Arizona Commission has jurisdiction over Qwest.
3. Qwest is a Bell Operating Company as defined in 47 U.S.C. Section 153 and currently may only provide interLATA services originating in any of its in-region States (as defined in subsection (I)) if the FCC approves the application under 47 U.S.C. Section 271(d)(3).
4. The Arizona Commission is a "State Commission" as that term is defined in 47 U.S.C. Section 153(41).
5. Pursuant to 47 U.S.C. Section 271(d)(2)(B), before making any determination under this subsection, the FCC is required to consult with the State Commission of any State that is the subject of the application in order to verify the compliance of the Bell operating company with the requirements of subsection (c).
6. In order to obtain Section 271 authorization, Qwest must, inter alia, meet the requirements of Section 271(c)(2)(B), the Competitive Checklist.
7. Section 271(c)(2)(B)(vi) of the Telecommunications Act of 1996 requires a section 271 applicant to provide or offer to provide "[l]ocal switching unbundled from transport, local loop transmission, or other services."
8. Section 271(c)(2)(B)(ii) requires a Section 271 applicant to provide "[n]ondiscriminatory access to network elements in accordance with the requirements of sections 251(c)(3) and 252(d)(1)."
9. Section 251(c)(3) establishes an incumbent LECs "duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of [section 251] . . . and section 252."
10. In the *Second BellSouth Louisiana Order*, the FCC clarified the obligations of a BOC with regard to the provision of nondiscriminatory access to unbundled local switching.

11. As a result of the proceedings and record herein, and subject to Qwest modifying its SGAT language consistent with the resolution of the impasse issues contained above, Qwest meets the requirements of Section 271(c)(2)(B)(vi) and provides or offers to provide local switching unbundled from transport, local loop transmission, or other services.

12. Qwest's compliance with Checklist Item 6 is contingent on its passing of any relevant performance measurements in the Third-Party OSS test now underway in Arizona.

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